

Surviving Your Service Year: Creating a Budget



NYC
SERVICE
YEAR

There are many tips to manage your finances, but while doing a service year, you will need some practical budgeting techniques to keep you afloat. Adopt these useful tips now to make the most of your stipend and learn skills you can use beyond your service year.

Budgeting 101:

This may seem obvious, but here it is: if you don't know where you are spending your money, you don't have control over it. Whether you are earning a service year stipend or a six-figure salary, knowing all of your expenses and making sure they are within your income – aka, having a budget – is the foundation of a financially-sound life. The [Guide to Budgeting](#) from The Balance is a great place to start for newbies!

Figure Out Your Income:

The first step of making a budget is figuring out your income. Apart from your service year stipend, you may have other forms of income from side-jobs or other sources. Remember that you should use your post-tax amount when planning for the amount you have to spend in your budget. Also, decide on the timeframe for which you are creating a budget. Many people have monthly bills but get paid bi-weekly, so keep that in mind when determining your expenses vs. income.

Find a Budget System:

There are many different ways to organize a budget, and one is not necessarily better than another – it's just important find the one

that works for you! Here are some examples of budget systems, templates, and apps that might help you create budget.

Apps/Websites:

- [Mint](#) (free)
- [Wally](#) (free)
- [YouNeedABudget](#) (low cost)

Budget systems

- [The 50-30-20 Rule](#)
- [Six Ways to Budget Your Money](#)
- [Basic Budgeting Tips Everyone Should Know](#)

If this all seems overwhelming, we suggest starting with a simple line-item budget:

1. Start by figuring out your post-tax income.
2. List out your expenses each month - some are fixed like rent and loan payments, while others are variable like groceries and entertainment. Don't forget to add in savings!
3. Check that your income is greater than all of your expenses. Adjust if necessary by lowering your estimates for spending on "wants."
4. At the end of the month, see where you actually spent your money. Did you go over or under in a category? Surprised how much you spend on coffee? Use this info to help you adjust your budget for the next month – it may take a little while to get the hang of it.
5. Pat yourself on the back! Starting is the hardest part, so you're doing great!

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Expenses You Should Consider When Creating Your Budget:

Essentials:

These are expenses that you absolutely cannot live without, such as, but not limited to:

- Rent/Mortgage
- Utilities
- Food (groceries - not eating out!)
- Transportation
- Cell phone
- Minimum monthly loan and/or credit card payments
- Insurance (health, home, car, etc.)
- Any other essential bills
- Child expenses/family obligations
- Pet expenses

Other Financial Obligations:

Welcome to a crash course on #adulting! Before you get overwhelmed by all the money you should be saving, remember this doesn't all have to happen during your service year. Paying down debts and saving for future needs and wants should be factored into your monthly expenses in the long run, but consider starting now to save even a little bit per paycheck – you will thank yourself later.

- Tuition or Student loan payments (beyond the minimum amount in "essentials")
- Other Loan and Credit card payments (beyond the minimum amount in "essentials")

- Emergency fund (see details below!)
- 401K/IRA/Roth IRA (aka Retirement! It might not apply during your service year, but do some [research on the basics](#) so you'll know options for the future.)
- Health Savings Account
- Investments
- Savings for future housing purchases, travel, and vacations
- Savings for whatever else is important to you!

Personal Choices:

These are expenses each month that help you have a comfortable and happy life, though you could live without when you need to save money. Look over your last month or two to see where you spend your money on average – it might surprise you how fast the little things add up!

- Gym membership
- New clothes, shoes, or household goods
- Netflix, cable, music streaming, and other entertainment subscriptions
- Membership fees to Amazon or other subscription services
- Take-out & restaurants
- Coffee shops
- Alcohol & bars
- Social events & other forms of entertainment
- Gifts (reminder to factor in holidays!)
- Travel
- Electronics (we know you want that new iPhone!)
- Convenience services like Uber, house cleaning, grocery delivery, etc.

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Other Important Financial Considerations

Emergency Fund

If you don't have one already, set up an [emergency fund](#). Many experts recommend having an emergency fund of 3-6 months of paychecks in savings in case a major life event or emergency happens. While this often is difficult to do on a stipend, put away as much as you can now, and then continue to build it over time. It is also important to consider finances for your post-service year transition as you plan for potential gaps in employment, moving to a new place (or staying where you served!), or becoming a student.

Taxes

Tax season will most likely hit at some point during your service year, and taxes are typically due on April 15th. While taxes vary from state to state, here is a quick crash course to get you started:

1. Check out the [free federal tax preparation](#) available if you made under \$64,000 last year.
2. Seek out resources like the [IRS Volunteer Income Tax Assistance \(VITA\)](#) which offer free tax help for taxpayers who qualify. Additionally, [AARP offers tax aid](#).
3. If you have any concerns, set up an appointment to speak with a tax accountant about your finances.

Save with Discounts

Access member discounts if you join [AmeriCorps Alums](#) at Service Year Alliance after your service year. You can also check out an up-to-date listing of [Alums discounts](#).

Some of these discounts are available to currently serving service year corps members, too.

If you are currently a student or if you are going back to school after your service year, always check to see if there is a [student discount](#) you can use before making a purchase! From tech companies to clothing stores, many places offer discounts just for being a student.

A Final Note:

Creating and sticking to a budget is not easy. Think about what you absolutely need – especially during your service year, you may have to make some sacrifices. Though it might not be fun to decline an invite to dinner or miss a concert you've been wanting to see, sticking to your budget will help you be less stressed, and so much happier, throughout your service year and after.

Check out more resources to [#SurvivingYourServiceYear](#)